

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 NSAE-00 NSCE-00 SSO-00  
ICAE-00 INRE-00 OMB-01 TRSE-00 PM-05 H-01 INR-10  
L-03 PA-01 SP-02 SS-15 EB-08 AID-05 OPIC-03 /067 W  
-----089709 141807Z /46

O R 141704Z AUG 78  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC IMMEDIATE 6699  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION USNATO  
DIA WASH DC  
USNMR SHAPE BEL  
COMUSFORAZ  
USCINCEUR VAIHIGEN GER

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USEEC

E.O. 11652: N/A  
TAGS: PINT PO  
SUBJ: PARTY POSITIONS HARDEN

REF: (A) LISBON 6019 (DTG 111741Z AUG 78) (NOTAL)  
(B) LISBON 6020 (DTG 111811Z AUG 78) (NOTAL)

SUMARRY: THE PRIME MINISTER DESIGNATE CONTINUES TO CONSULT  
WITH THE POLITICAL PARTIES ON THE FORMATION OF A THIRD  
CONSTITUTIONAL GOVERNMENT BUT THE SOCIALISTS SEEM INCREASINGLY  
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UNWILLING TO COOPERATE. SOARES HAS ALREADY REJECTED THE  
POSSIBILITY OF THE SOCIALISTS PARTICIPATING IN ANY CABINET  
WITHOUT MAJORITY PS INFLUENCE. END SUMMARY.

1. SOCIALIST OBJECTIONS: SOCIALIST PARTY REACTION TO  
PRIME MINISTER-DESIGNATE NOBRE DA COSTA AND HIS EFFORTS TO  
FORM A THIRD CONSTITUTIONAL GOVERNMENT HARDENED OVER THE

WEEKEND. IN HIS TALKS WITH SOARES, NOBRE DA COSTA REPORTEDLY PRESENTED A GENERAL CABINET FORMULATION TO INCLUDE FIVE INDEPENDENTS, FIVE SOCIALIST, THREE SOCIAL DEMOCRAT, AND TWO CENTER DEMOCRAT MINISTERS. IN WEEKEND STATEMENTS SOARES REJECTED SUCH AN EXECUTIVE STRUCTURE ON THE GROUNDS THAT WITH CLOSE TO 35 PERCENT OF THE 1976 VOTE AND WITH 102 SEATS IN THE ASSEMBLY THE PS COULD NOT ENDORSE SUCH A "FRAUDULENT" REPRESENTATION OF THE WILL OF THE PEOPLE. IN FURTHER COMMENTS, SOARES:

--REEMPHASIZED THAT IN PRINCIPLE THE SOCIALISTS WILL NOT PARTICIPATE AS A PARTY IN A NEW GOVERNMENT AND THAT THE PARTICIPATION OF ANY PS MEMBER WOULD BE SUBJECT TO REVIEW BY THE PS HIERARCHY. HE ALSO CONFIRMED THAT VITOR CONSTANCIO HAD BEEN ASKED TO STAY ON AS MINISTER OF FINANCE BUT HAD REFUSED ("ANY OTHER RESPONSE WOULD HAVE BEEN UNTHINKABLE");

--NOTED THAT THE SOCIALISTS WOULD NOT OPPOSE A NEW GOVERNMENT PROGRAM IF IT WERE SIMILAR TO THAT OF THE FIRST AND SECOND CONSTITUTIONAL GOVERNMENTS ("WE WOULD NOT BLOCK THE EFFORTS OF SUCH A GOVERNMENT DEPENDING ON THE SELECTION OF MINISTERS, GOVERNMENT PROGRAM, ETC.");

--EMPHASIZED THAT IF AN INTER-PARTY AGREEMENT IS NOT POSSIBLE EITHER BEFORE OR AFTER THE PRESENTATION OF A NEW PROGRAM, THEN EARLY ELECTIONS (BASED ON A NEW ELECTORAL LAW AND CENSUS) ARE THE ONLY SOLUTION;

--ACCUSED PRESIDENT EANES OF IGNORING THE ROLE OF THE PARTIES (READ THE PM DESIGNATE SHOULD HAVE BEEN A SOCIALIST)

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AND POLARIZING THE COUNTRY. SOARES CONTINUED THAT ALTHOUGH CONDITIONS DO NOT EXIST FOR A MILITARY COUP, PORTUGAL IS IN THE MIDST OF A "DE FACTO ANTIDEMOCRATIC COUP" AT THE PRESIDENT'S INITIATIVE.

2. PSD: THE FRUITS OF OPPOSITION: PSD PRESIDENT SA CARNEIRO HAS PLEDGED PARTY SUPPORT TO THE PRIME MINISTER-DESIGNATE ON THE GROUNDS THAT ANY OTHER POSITION IS IRRESPONSIBLE AND CONTRARY TO THE NATIONAL INTEREST. AFTER MEETINGS WITH DA COSTA, SA CARNEIRO:

--PLEDGED PSD COOPERATION AND EMPHASIZED THAT IF A NEW GOVERNMENT CANNOT BE FORMED IT WILL NOT BE THE FAULT OF THE PSD;

--NOTED THAT EARLY ELECTIONS REMAIN A STRONG POSSIBILITY AND THAT THE PSD IS PREPARED TO GO TO THE POLLS WITH THE SUPPORT OF THOSE VOTERS WHO GAVE THE PRESIDENT HIS 61 PERCENT MAJORITY IN 1976;

--REASONED THAT POLITICAL POLARIZATION WAS NOT NECESSARILY DISADVANTAGEOUS TO THE EXTENT IT CLEARLY IDENTIFIED THE SOCIALISTS AND COMMUNISTS AS UNABLE TO MANAGE THE COUNTRY AND MEET THE CONTINUING ECONOMIC CRISIS.

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3. THE CDS: THE CDS REMAINS GENERALLY SATISFIED WITH THE  
NOBRE DA COSTA CHOICE AND HAS PLEDGED TO SUPPORT THE NEW  
GOVERNMENT. FREITAS DO AMARAS HAS, HOWEVER, INSISTED THAT  
SOCIALIST SUPPORT AND PARTICIPATION IS CRUCIAL IF THE NEW  
GOVERNMENT IS TO BECOME ANYTHING MORE THAN A CARETAKER  
EXECUTIVE PRIOR TO EARLY ELECTIONS. ABSENT PS PARTICIPATION  
OR AN INTER-PARTY AGREEMENT, SUCH A GOVERNMENT SHOULD BE  
COMPOSED EXCLUSIVELY OF INDEPENDENTS. CDS MEMBERS WILL NOT  
PARTICIPATE IN A NEW CABINET UNLESS SOCIALISTS ARE SO AUTHORIZED.  
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4. THE COMMUNISTS DIG IN: FOLLOWING A CENTRAL COMMITTEE SESSION AUGUST 11, PCP SECRETARY GENERAL ALVARO CUNHAL DESCRIBED THE CURRENT CRISIS AS ONE OF THE MOST SERIOUS SINCE 1974 AND INSISTED THAT THE SOCIALISTS FALL FROM GRACE IS A RESULT OF PS FLIRTATION WITH THE RIGHT DURING THE SECOND CONSTITUTIONAL PS/CDS GOVERNMENT. OTHER HIGHLIGHTS:

- THE PRIME MINISTER DESIGNATE IS NOT A TRUE INDEPENDENT. IN FACT, HE REPRESENTS AN ALLIANCE OF SOCIAL AND CENTER DEMOCRAT REACTIONARY FORCES.
- CAPITULATION TO THOSE FORCES IS A GUARANTEE OF FUTURE SOCIAL AND POLITICAL TENSION ANF CONSEQUENT INTERRUPTION OF DOMESTIC ECONOMIC AND PRODUCTIVE ACTIVITY.
- NOBRE DA COSTA MAY BE UNABLE TO FORM A CABINET AND FORCED TO RETURN HIS MANDATE TO THE PRESIDENT.
- THE PCP WOULD PARTICIPATE IN A NOBRE DA COSTA CABINET ONLY IF THE PS, CDS, AND PSD, AND UDP AGREE TO DO SO TO PREPARE FOR EARLY ELECTIONS.
- EARLY ELECTIONS SHOULD BE HELD ON THE BASIS OF A NEW ELECTORAL LAW AND CENSUS.

5. COMMENT: NOBRE DA COSTA HAS ANNOUNCED HE HOPES TO FILL HIS FIFTEEN MINISTERIAL PORTFOLIOS BY LATER THIS WEEK. AND YET, ON THE BASIS OF PARTY POSITIONS THUS FAR, THE SOCIAL DEMOCRATS ARE ALONE IN PERMITTING PARTY MILITANTS TO JOIN SUCH A CABINET WITHOUT ASSORTED CAVEATS. THE PSD WILLINGNESS TO COOPERATE WITH A NOBRE DA COSTA GOVERNMENT IS IN INVERSE PROPORTION TO POTENTIAL SOCIALIST INFLUENCE IN SUCH A GOVERNMENT. MEANWHILE, SOARES HAS ACCEPTED PRESIDENT EANES'S CHALLENGE (REF B) AND HAS, IN FACT, HARDENED THE SOCIALIST POSITION OVER THE WEEKEND. NOBRE DA COSTA HAS A LONG WAY TO GO.

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## Message Attributes

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